

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6883**

**BILL NUMBER:** HB 1613

**NOTE PREPARED:** Jan 3, 2009

**BILL AMENDED:**

**SUBJECT:** Increases Alcoholic Beverage Excise Taxes.

**FIRST AUTHOR:** Rep. Klinker

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ GENERAL  
☒ DEDICATED  
☐ FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill increases the Beer and Cider Excise Tax from \$0.115 to \$0.65 per gallon, the Wine Excise Tax from \$0.47 to \$2.07 per gallon, and the Liquor Excise Tax from \$2.68 to \$6.95 per gallon. It also provides that each of the funds that receives these excise taxes will receive the same percentage of the new rates as the percentage it receives under the existing rates.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** *Department of State Revenue (DOR):* This bill will increase administrative expenditures of the DOR in having to amend tax forms and update computer software to collect the Alcoholic Beverage Excise Tax (ABET) at the increased rates provided in the bill. It is estimated that the DOR will be able to implement the provisions of this bill with its existing level of resources.

**Explanation of State Revenues:** *Impact on ABET Collections:* This bill will increase ABET collections by approximately \$109 M in FY 2010 and \$116.3 M in FY 2011. Due to the timing of ABET remittance, the estimate for FY 2010 is based on 11 months of collections. The bill increases the ABET on the following beverages and requires that each of the funds that receive these excise taxes will receive the same percentage of the new rates as the percentage it receives under the existing rates.

<b>Beverage</b>	<b>Current rate</b>	<b>New rate</b>
Beer & Hard Cider	\$0.115	\$0.65
Liquor (and Wine over 21% alcohol)	\$2.68	\$6.95
Wine (less than 21% alcohol), Mixed beverages (5% or less alcohol)	\$0.47	\$2.07

The table below shows the increase in revenue to the funds currently included in the ABET distribution. These estimates are based on the December 11, 2008, State Revenue Forecast.

<b>Funds Receiving Distributions</b>	<b>FY 2010 (in millions)</b>	<b>FY 2011 (in millions)</b>
General Fund	\$40.27	\$42.95
Post War Construction Fund	\$44.95	\$47.98
Enforcement & Administration Fund	\$6.35	\$6.76
Addiction Services Fund	\$11.66	\$12.42
Pension Relief Fund	\$4.35	\$4.68
Wine Grape Market Development Fund	\$1.45	\$1.52
<b>TOTAL</b>	<b>\$109.03</b>	<b>\$116.31</b>

*Impact on Sales Tax Collections:* Increasing the ABET rates will cause a decrease in alcohol sales, and therefore there would be a decrease in Sales Tax collections on alcohol. However, any impact on overall sales tax revenue is expected to be minimal.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Of the revenues from the ABET rates that is distributed to the General Fund, 50% is required to be set aside for distributions to cities and towns calculated based on population. Therefore, this bill will cause an increase in the total distributions to cities and towns of approximately \$20.14 M in FY 2010 and \$21.48 M in FY 2011.

**State Agencies Affected:** DOR.

**Local Agencies Affected:** Cities and Towns.

**Information Sources:**

**Fiscal Analyst:** Diana Agidi, 317-232-9867.